

Message Text

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PAGE 01 OTTAWA 04317 262214Z

ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05

SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02

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E.O. 11652:N/A

TAGS: GATT, ETRD, CA

SUBJECT: MAINTENANCE OF CLOTHING IMPORT RESTRICTIONS

REF: OTTAWA 4721, NOVEMBER 30, 1976

1. FOLLOWING IS DEPARTMENT OF INDUSTRY, TRADE AND
COMMERCE ANNOUNCEMENT MAY 26 ON MAINTENANCE OF CLOTHING
QUOTAS THROUGH MARCH 31, 1978:

BEGIN TEXT. HUGH POULIN, PARLIAMENTARY SECRETARY TO THE
MINISTER OF INDUSTRY, TRADE AND COMMERCE, TODAY ANNOUNCED,
ON BEHALF OF MR. CHRETIEN, ARRANGEMENTS UNDER THE
PRESENT INTERIM SYSTEM OF CONTROLS ON IMPORTS OF CLOTHING
FOR THE FIRST THREE MONTHS OF 1978.

MR. CHRETIEN STRESSED THAT THE GLOBAL IMPORT QUOTA ON
CLOTHING IS A TEMPORARY MEASURE TO PREVENT UNNECESSARY
MARKET DISRUPTIONS AND SHORTAGES OF SUPPLY AND IS
CONSISTENT WITH THE GOVERNMENT'S PRESENT CLOTHING IMPORT
POLICY. IN ITS NOVEMBER 29, 1976 DECISION ON CLOTHING
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IMPORTS THE GOVERNMENT STATED THAT CONTROLS WOULD STAY
IN PLACE UNTIL A DECISION HAD BEEN TAKEN IN THE LIGHT
OF THE TEXTILE AND CLOTHING BOARD'S RECOMMENDATIONS
FOLLOWING THE COMPLETION OF ITS INQUIRY INTO THE IMPACT
OF IMPORTS OF CLOTHING. MAINTENANCE OF THIS MEASURE INTO
1978 WOULD PROVIDE TIME FOR CONSIDERATION AND
IMPLEMENTATION OF THE BOARD'S REPORT WHICH IS EXPECTED

SHORTLY.

EACH IMPORTER WILL BE ELIGIBLE FOR PERMITS FOR 25 PER CENT OF THE QUANTITIES ALLOCATED FOR IMPORTATION IN 1977, INCLUDING THOSE RECOMMENDED BY THE HIGH FASHION AND HARDSHIP COMMITTEES, WITH TWO PER CENT OF THE ALLOCATION HELD BACK FOR CONTINGENCIES. HOWEVER, THE SPECIAL PERMITS ISSUED TO COVER IRREVOCABLE LETTERS OF CREDIT OR OTHER BINDING FINANCIAL COMMITMENTS OUTSTANDING AT NOVEMBER 29, 1976, WOULD BE EXCLUDED FROM AN IMPORTER'S ENTITLEMENT.

PERMITS FOR THE IMPORTATION OF OUTERWEAR WILL BE LIMITED TO 588,000 UNITS.

THE CANADIAN TEXTILE IMPORTERS' ASSOCIATION HAD ASKED THAT THE CLOTHING IMPORT CONTROLS BE MAINTAINED THROUGH THE FIRST SIX MONTHS OF 1978. MR. CHRETIEN SAID THAT WHILE HE DID NOT WANT TO PREEMPT THE BOARD'S RECOMMENDATION THERE WAS A NEED TO CLARIFY THE SITUATION IN ORDER TO PROVIDE A MEASURE OF STABILITY IN THE CLOTHING MARKET. END TEXT.

2. RUMOURS THAT QUOTAS WOULD BE "EXTENDED" INTO 1978 HAVE BEEN CIRCULATING FOR SEVERAL WEEKS AND ANNOUNCEMENT, WHICH WAS EXPECTED MAY 25, WAS DELAYED UNTIL MAY 26 TO MAKE REVISIONS IN WORDING, ACCORDING TO EXTAFF OFFICIAL WHO TOLD EMBOFF THAT ORIGINAL IMPOSITION OF QUOTA RESTRICTIONS HAD NO CUT-OFF DATE SO UNCLASSIFIED

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QUOTA PERIOD WAS NOT BEING "EXTENDED", BUT ONLY BEING "MAINTAINED" A LITTLE LONGER TO GIVE GOC A CHANCE TO STUDY TEXTILE AND CLOTHING BOARD'S FINAL REPORT (REFTEL) WHICH IS NOT YET COMPLETED.

3. EXTAFF OFFICIAL ALSO TOLD EMBOFF THAT GOC HAD CONSIDERED EXEMPTING UNITED STATES AND OTHER DEVELOPED COUNTRIES FROM RESTRICTIONS AFTER DECEMBER 31, 1977 AS PROBLEM IS WITH LDC'S AND STATE-CONTROLLED ECONOMY COUNTRIES, BUT THAT FINAL DECISION WAS TO "MAINTAIN" GLOBAL RESTRICTIONS FOR THREE MONTHS RATHER THAN SIX MONTHS AS REQUESTED BY IMPORTERS, AND TO REVIEW ENTIRE TEXTILE POLICY AFTER CLOTHING AND TEXTILE BOARD'S REPORT IS AVAILABLE. ENDERS

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